

Message Text

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43

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 FEA-02 COME-00 TRSE-00 CIEP-02

INT-08 SCI-06 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 AID-20 DRC-01 /149 W

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R 042240Z FEB 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 6118

AMEMBASSY CARACAS

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

UNCLAS SAN JOSE 0422

E.O. 11652: N/A

TAGS: ENRG, CS, XK, VE

SUBJECT: ENERGY: KOGAN BRINGS BACK PROMISE OF
NEW REFINERY FROM VENEZUELA

REF: SAN JOSE 0413

1. SUMMARY: WEEKEND PRESS GAVE WIDE COVERAGE
TO MINISTER OF ECONOMY, INDUSTRY, AND COMMERCE KOGAN'S
VISIT TO VENEZUELA FOR CONVERSATIONS, ALONG WITH OTHER
CENTRAL AMERICAN MINISTERS, ON THE PETROLEUM CRISIS.
GOVERNMENT OF VENEZUELA PRESIDENT ELECT CARLOS ANDRES
PERES REPORTEDLY PROMISED TO ESTABLISH A
200,000 BARREL CAPACITY REFINERY IN COSTA RICA BUT
WAS NOT RESPONSIVE TO CENTRAL AMERICANS' REQUEST FOR A
SPECIAL PETROLEUM PRICE, KOGAN FELT VISIT MOST
SUCCESSFUL AND VENEZUELAN INTEREST AND WILLINGNESS TO
HELP IN WAYS IT CAN QUITE SINCERE.

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2. UPON HIS RETURN FROM VENEZUELA ON FEBRUARY 2,

1974, MINISTER OF ECONOMIC, INDUSTRY, AND COMMERCE KOGAN ANNOUNCED THAT THE NEW GOVERNMENT OF VENEZUELA HAD PROMISED TO ESTABLISH A 200,000 BARREL CAPACITY REFINERY IN COSTA RICA, AT A COST OF \$200 MILLION. AS NOTED IN REFTTEL, KOGAN ALONG WITH OTHER CENTRAL AMERICAN MINISTERS OF COMMERCE RECENTLY VISITED VENEZUELA IN ORDER TO REQUEST SPECIAL CONSIDERATION IN PETROLEUM MATTERS FROM THE GOV. KOGAN SAID THE NEW REFINERY WOULD BE DESIGNED TO MEET THE APPROXIMATELY 75,000 BARREL DAILY CONSUMPTION OF CACM COUNTRIES, WITH THE BALANCE DESTINED FOR EXPORT OUTSIDE THE AREA. HE SAID THE PLANT WOULD BE LOCATED IN LIMON (THE SITE OF THE PRESENT REFINERY, RECOPE) AND THAT DR. RINALDO FIGUEREDO, AND ECONOMIST, WOULD BE NAMED BY GOV PRESIDENT ELECT PEREZ TO COME TO COSTA RICA WITHIN THE NEXT FEW DAYS IN ORDER TO BEGIN FEASIBILITY STUDIES. THE COSTA RICAN PRESS UNIFORMLY REPORTED KOGAN'S VISIT TO VENEZUELA AS A SUCCESS, WITH MAJOR DAILIES CARRYING PHOTOS OF KOGAN APPEARING WITH PEREZ.

3. WITH REGARD TO THE CENTRAL AMERICAN MINISTERS' REQUEST FOR SPECIAL OIL PRICE, THIS APPARENTLY WAS TURNED DOWN ON THE BASIS THAT A SYSTEM OF DIFFERENTIAL PRICES WOULD LEAD TO A "CHAOTIC SITUATION". RATHER, PEREZ IS REPORTED TO HAVE SUGGESTED THAT OTHER MEANS TO HELP THE POORER NATIONS FACE THE PROBLEM OF INCREASED PRICES MUST BE FOUND -- SUCH AS CREATION OF A SPECIAL DEVELOPMENT FUND FINANCED BY PETROLEUM EARNINGS. MOREOVER, PEREZ REPORTEDLY SHOWED INTEREST IN A SCHEME, REPORTEDLY ADVANCED BY KOGAN, PROPOSING THAT A SYSTEM OF PAYMENT FOR OIL IMPORTS BY BONDS UNDERWRITTEN BY THE IFIS BE DEVELOPED.

4. ON OTHER MATTERS PEREZ REPORTEDLY EXPRESSED INTEREST IN HELPING DEVELOPMENT OF THE HONDURAN PAPER INDUSTRY, AND IN THE "LATINIZATION" OF THE INTERAMERICAN DEVELOPMENT BANK (BUT WITHOUT EXCLUDING THE UNITED STATES).

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5. PEREZ ALSO TOLD THE CENTRAL AMERICAN MINISTERS THAT HE FELT VENEZUELA WAS UNDER AN OBLIGATION TO CONVOKE A LATIN AMERICAN CONFERENCE FOR STUDYING THE PROBLEM OF PRIMARY MATERIALS AND CONSIDERING A COMMON STRATEGY FOR OBTAINING "STABLE AND REMUNERATIVE PRICES". MINISTER KOGAN OBSERVED TO THE PRESS THAT HE WAS VERY SATISFIED WITH HIS CONVERSATIONS WITH BOTH PEREZ AND PRESIDENT CALDERA

AND THAT HE BELIEVED IT WAS THE FIRST TIME AN
UNDER-DEVELOPED COUNTRY SINCERLY CONCERNED ITSELF
WITH THE PROBLEM OF HELPING ITS BROTHERS.
VAKY

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